

Message Text

PAGE 01 NATO 00414 251639Z

43

ACTION EUR-12

INFO OCT-01 ISO-00 PM-03 OMB-01 TRSE-00 MC-01 CIAE-00

INR-07 NSAE-00 RSC-01 L-02 EB-07 SS-15 NSC-05 SP-02

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FM USMISSION NATO

TO SECSTATE WASHDC 9754

INFO SECDEF WASHDC

DA

US ARMY MATERIAL COMMAND WASHDC

USNMR SHAPE

C O N F I D E N T I A L USNATO 414

E.O. 11652: GDS

TAGS: MARR NATO

SUBJECT: PROCUREMENT OF KW-7 EQUIPMENT UNDER FOREIGN MILITARY
SALES

REF: LETTER FILE AMCIL-E/1A(SLEPO), 12 DEC 74, SUBJ: AMEND-
MENTS #2,

FMS CASES DA SHAPE GMY AND DA SHAPE GNA.

SUMMARY. SHAPE HAS REQUESTED US MISSION ASSISTANCE IN OBTAINING
IMPROVED PRICE AND LEAD TIME FOR PROCUREMENT OF KW-7 EQUIPMENT
FROM THE US ARMY UNDER FOREIGN MILITARY SALES. ACTION REQUESTED:
EXPLANATION FOR DELAYS AND EXAMINATION OF POSSIBLE ALTERNATIVE
SOURCES. END SUMMARY.

1. MISSION HAS RECEIVED THE FOLLOWING LETTER FROM THE COMMUN-
ICATIONS AND ELECTRONICS DIVISION, SHAPE. QUOTE.

CE 1974-5856/23-13/2

SUBJECT : KW-7 PROCUREMENT (C)

TO: UNITED STATES DELEGATION TO NATO

CONFIDENTIAL

PAGE 02 NATO 00414 251639Z

ATTENTION: MR. JOSEPH LOVELAND

1. (C) SHAPE IS BUYING KW-7 EQUIPMENT FOR ALLIED COMMAND EUROPE
(ACE), FOR SACLANT AND THE NATO CIVIL WARTIME AGENCIES. SOME

MINOR PURCHASES ON BEHALF OF OTHER NATIONS ARE ALREADY IN THE PROCESS OF COMPLETION. PRIOR TO THE AUTHORISATION OF FUNDS FOR THE SACLANT TROL, IT WAS SUGGESTED BY THE COMMITTEES, PROBABLY ON YOUR RECOMMENDATION, TO REVIEW WHETHER THE UNITED STATES WOULD HAVE SOME SURPLUS EQUIPMENT AVAILABLE. THIS WAS DONE IN LATE 1973 AND AGAIN IN EARLY 1974 BUT WITHOUT SUCCESS. SUBSEQUENTLY, THEREFORE, SHAPE SIGNED A PURCHASE AGREEMENT WITH U.S. ARMY MATERIEL COMMAND ON 7 MARCH 1974. THE UNIT COST WAS US \$3,400.- AND THE TOTAL COST (WITHOUT INITIAL SPARES) WAS US \$1,418,157.-. IN LATE DECEMBER 1974 THE U.S. ARMY MATERIEL COMMAND INFORMED SHAPE THAT OUR ORDER WAS NOT PLACED AND THAT THE NEW PRICE NOW IS US \$ 5,000.- PER UNIT, WHICH WOULD RESULT IN A COST OVERRUN OF US \$ 445,230.- FOR THE SACLANT TROL ALONE.

2. (C) YOU MAY RECALL THAT THIS PROJECT WAS A SLICE XXI, SERIAL 22 AND QUITE A FEW YEARS OLD AND RATHER URGENT NOW. INITIALLY, WHEN THE CASE WAS SIGNED IN MARCH 1974, DELIVERIES WERE EXPECTED STARTING MAY 1975, WHILE THE NEW OFFER INDICATED DELIVERIES TO START MARCH 1977.

3. (C) BECAUSE OF THE ABOVE AND PARTICULARLY BECAUSE THE DELIVERIES ARE SO EXTENDED, YOUR ASSISTANCE ON A NATIONAL BASIS IS SOLICITED TO:

A. ASSIST IN POSSIBLY FINDING SERVICEABLE SURPLUS KW-7 EQUIPMENT WHICH COULD BE PURCHASED AT A REDUCED PRICE AND AT AN EARLY DATE (IT IS UNDERSTOOD THAT THE KW-7 IS NO LONGER BEING PURCHASED FOR THE U. S. GOVERNMENT- THIS MAY ALSO BE THE REASON FOR THE HIGH COST).

B. IF NO SURPLUS EQUIPMENT CAN BE LOCATED TO POSSIBLY ASSIST IN OBTAINING THE DEPARTMENT OF DEFENSE ACTION TO RECEIVE SOME EQUIPMENTS FROM STOCK WHICH COULD BE REPLACED AFTER 1977.

C. TO ASSIST IN LESSENING THE DELIVERY DELAYS.

4. (C) THE PROJECT OFFICER IS MR. PAUL F. SHEY AND HE WOULD NATURALLY BE AT YOUR DISPOSAL FOR FURTHER DETAILS.

JOHN W. STILLWELL

CONFIDENTIAL

PAGE 03 NATO 00414 251639Z

COLONEL, US ARMY
EXECUTIVE OFFICER
COMMUNICATIONS AND ELECTRONICS, SHAPE

END OF QUOTE.

2. IF SURPLUS EQUIPMENT IS AVAILABLE FROM WITHIN US GOVERNMENT RESOURCES, MISSION BELIEVES RESULTANT SAVING IN COST AND DELIVERY TIME WOULD MAKE THEIR OFFER TO NATO ATTRACTIVE. MISSION RECOMMENDS EXPLORING THIS POSSIBILITY THOROUGHLY WITH ALL POTENTIAL US GOVERNMENT SOURCES.

3. IF ABOVE NOT POSSIBLE, SHAPE WILL HAVE TO OBTAIN NEW AUTHORIZATION FROM THE INFRASTRUCTURE PAYMENTS AND PROGRESS

COMMITTEE FOR THE INCREASED COSTS NOW BEING QUOTED BY THE DEPARTMENT OF ARMY. PROCEDURES DO NOT PERMIT SHAPE TO INCUR OBLIGATIONS BEYOND FUNDS AUTHORIZED.

4. PROCESS OF OBTAINING SUCH ADDITIONAL FUNDS INVOLVES FORMAL REQUEST BY SHAPE TO NATO INTERNATIONAL STAFF (NIS), NIS EXAMINATION AND PRESENTATION OF CASE TO P&P COMMITTEE FOR CONSIDERATION AND APPROVAL. SUCH A PROCESS NORMALLY REQUIRES A MINIMUM OF 90 DAYS TO ACCOMPLISH. THUSBY DEFINITION,

LETTERS OF OFFER AND AMENDMENTS THERETO WHICH ALLOW ONLY 6 OR 8 WEEKS FOR ACCEPTANCE, AS IS THE CASE WITH THE REFERENCED SECOND AMENDMENTS AND FIRST AMENDMENT AS WELL, CANNOT BE PROCESSED IN TIME. THIS SITUATION WORSENS WHEN THE SIGNATURE AUTHORITY IS OVERSEAS, RATHER THAN IN WASHINGTON, AND CORRESPONDENCE IS BY MAIL. MISSION THEREFORE RECOMMENDS ALLOWING A LEAD TIME OF 120 DAYS IF POSSIBLE, AND 90 DAYS PLUS 10 DAYS MAILING TIME AS A MINIMUM, FOR ALL FUTURE FMS CASES AND AMENDMENTS TO FMS CASES FOR ANTO AGENCIES LOCATED IN EUROPE.

5. IF SURPLUS EQUIPMENT UNLOCATABLE, AND P&P COMMITTEE MUST ADDRESS THE ADDITIONAL COST INVOLVED IN REFERENCED AMENDMENTS, MISSION ANTICIPATES THAT COMMITTEE WILL ASK US FOR ADDITIONAL DETAILS AS TO REASONS FOR DELAYED DELIVERY AND INCREASED COSTS BEYOND THE EXPLANATION GIVEN IN PARAGRAPH 13 OF THE REFERENCED LETTER. IN PARTICULAR, MISSION ANTICIPATES COMMITTEE WILL SEEK INFORMATION AS TO PRODUCTION SITUATION ON BASIS OF WHICH ORIGINAL COST AND DELIVERY INFORMATION WAS CONFIDENTIAL

PAGE 04 NATO 00414 251639Z

BASED, AND CHANGES WHICH HAVE SINCE OCCURRED WHICH MAKE CURRENT ASSESSMENTS AT REFERENCE NECESSARY. REQUEST EARLY PROVISION OF THIS INFORMATION.
BRUCE

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Margaret P. Grafeld
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TAGS: MARR NATO
To: STATE INFO SECDEF
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US ARMY MATERIAL COMMAND
USNMR SHAPE
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